

Message Text

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ACTION EB-08

INFO OCT-01 IO-14 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-01 H-02 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-20 SP-02 SOE-02 OMB-01
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TO SECSTATE WASHDC 0258

INFO USMISSION USUN NEW YORK

UNCLAS GENEVA 08299

E.O. 11652: N/A

TAGS: AORG, GATT

SUBJ: GATT SECRETARIAT HIGHLIGHTS PENSION ANOMALIES

REF: GENEVA 8283

1. AT MAY 25 BUDGET COMMITTEE MEETING GATT DG LONG INCLUDED AS ONE OF THE MAJOR POINTS IN HIS PRESENTATION A BITING CRITICISM OF THE CURRENT UN SYSTEM OF PENSIONS. MAKING A STRONG PITCH FOR EQUALIZING THE PURCHASING POWER OF PENSIONS, HE SAID THAT A 30 YEAR EMPLOYEE IN SWITZERLAND RECEIVES A PENSION OF LESS THAN 50 PERCENT OF BASE SALARY WHILE A 30 YEAR EMPLOYEE IN DOLLAR AREAS RECEIVES OVER 70 PERCENT. IN FACT, LONG SAID HE HAD BEEN TOLD BY ICSC'S QUIJANO THAT PENSION CAN BE 75 PERCENT OF TAKE-HOME IN US BUT 45 PERCENT IN SWITZERLAND. LONG CALLED THE PRESENT SITUATION COMPLETELY UNJUST, IRRATIONAL AND SCANDALOUS, SAYING THAT HE HAD WEIGHED HIS WORDS AND DID INDEED SAY SCANDALOUS.

2. GATT HAD ACCEPTED INTERIM ADJUSTMENT THAT BASE
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PERIOD FOR ACCOUNTING RATE BE EXTENDED FROM 12 MONTHS TO THREE YEARS, SO THAT FIFTH COMMITTEE WOULD ACCEPT RECOMMENDATION OF PENSION BOARD STANDING COMMITTEE, BUT LONG DEMANDED FURTHER REFORM NEXT YEAR. HE CALLED COMMON SYSTEM QUOTE NO MORE THAN A MYTH UNQUOTE WHICH HAS STOPPED FUNCTIONING SINCE 15 AUGUST 1971 WHEN FIXED EXCHANGE RATES AND STABLE ACCOUNTING TERMS CEASED.

LONG INDICATED A SYSTEM IS NEEDED WHICH CAN FACE UP TO NEW SITUATION AND THAT A COMPLETE CHANGE IS REQUIRED.

3. REFERENCE WAS MADE TO THE COMPARABILITY OF PENSIONS OF P-LEVEL AND G-LEVEL STAFF. A 30 YEAR EMPLOYEE RETIRING AT D-1 LEVEL RECEIVES THE SAME PENSION AS A 30 YEAR EMPLOYEE RETIRING AT G-7 LEVEL. STATEMENT WAS MADE THAT G-7'S ARE ASKING NOT TO BE PROMOTED AND THAT P-LEVEL STAFF WANT TO GO BACK. LONG INDICATED THAT SITUATION CAUSES ANXIETY FOR STAFF APPROACHING RETIREMENT. VANDEN HEUVEL

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